

coercivity, and an adhesive layer 7. The security element is attached to a card 8 and the area of the card including the security element is punched (see Figure 10).

It appears that the purpose of the embossing in Namikawa et al. is to rupture or almost rupture a hard magnetic layer. This produces high stray fields that are characteristic of the shape of the particular embossments. The hard magnetic layer is, by its nature, such that a relatively permanent magnetic state can be induced in it. Such a layer will pin a soft magnetic layer so as to prevent the signals from the soft magnetic layer from being detected. (Applicants submit that Namikawa et al. does not disclose that soft magnetic materials can have their magnetic properties affected by embossing such that they can be detected externally.) Applicants further submit that Namikawa et al. would not in any way lead a person to this understanding due to the presence of the hard magnetic layer since any such effects in the soft magnetic layer caused by embossing would be swamped by the hard magnetic layer.

The only independent claim in this application, Claim 1, is clearly directed to a security element characterized by a soft magnetic layer. More specifically, Claim 1 reads as follows:

1. A security element comprising a magnetic layer and an embossed layer, the embossed layer having an embossed pattern of a particular shape producing an optical diffraction effect, characterized in that the magnetic layer is a soft-magnetic layer wherein at least part of the soft magnetic layer has the shape of the embossed pattern of the embossed layer whereby the embossed layer affects the magnetic properties of the soft-magnetic layer and the effects are detectable externally of the security element.

( It is clear that Claim 1 is directed to a security element suitable for machine verification by detecting the magnetic properties of a soft-magnetic layer, which are determined by an underlying micro-embossing. This feature is clearly not taught or even remotely suggested by Namikawa et al. Namikawa et al. discloses a hard magnetic layer, not a soft magnetic layer. )

Claim 1 also recites a security element that provides for visual verification through an optical diffraction effect. The use of an optical diffraction effect is not taught or even remotely disclosed in Namikawa et al.

In view of the foregoing remarks, applicants respectfully submit that Claim 1 and all of the claims dependent therefrom, including those rejected under 35 U.S.C. § 103(a), are clearly allowable.

While the Office Action states that Claims 19-32 are withdrawn from consideration, applicants resubmit that these non-elected claims should remain in this application since, in

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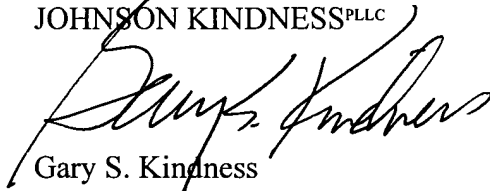
essence, they are commensurate in scope with the subject matter recited in Claim 1 and the claims dependent therefrom.

Finally, recognizing that the U.S. Patent Office is not bound by the actions of the patent offices of other organizations, applicants point out that the PCT application from which this application originates was examined by the European Patent Office. The European Patent Office found that all of the claims contained in this application were considered to be novel and inventive in light of the teachings of Namikawa et al.

In view of the foregoing remarks, applicants respectfully submit that all the claims in this application are clearly allowable. Consequently, early and favorable action allowing these claims and passing this application to issue is respectfully solicited.

Respectfully submitted,

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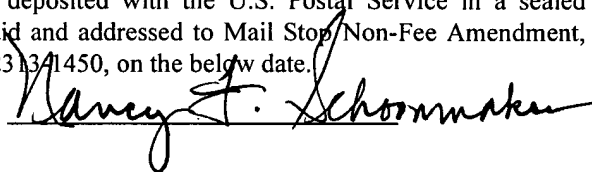


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